

Acknowledgement

Georgia Tech and the Huron Consulting Group would like to acknowledge the corporate sponsors of this study and thank them for their support and advice.

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Georgia Tech's Economic Impact

April 6, 2006

Institute profile: Beyond the dollars

- Among the nation's top 10 public universities
- More than 4,200 degrees presented each year
- Graduates of 2004 who remained in Georgia earned over \$111 million in 2005
- 4 campuses on 3 continents
- Operates top-ranked business incubator, 15 tech transfer stations for Georgia



Leveraging state support

Fiscal Year 2004:

\$264 Million



State of Georgia

\$625 Million

Federal Government
Student Fees
Gifts, Grants, Endowments
Auxiliary Enterprises
Education Activities Sales & Services
Investment Income/Other

Georgia Tech attracted \$450 million in revenue from sources outside of the state.



**Georgia Tech's Total
\$889 million**

Overall economic impact, FY 2004

Institute direct impact

\$889 million

12,525 jobs

Multiplier

Institute expanded impact

\$2.2 billion

38,925 jobs

Advanced Technology Development Center impact

\$1.7 billion

5,500 jobs

Georgia Tech's total impact

\$3.9 billion

44,425 jobs

Inventing the economy of the future



Nanotechnology



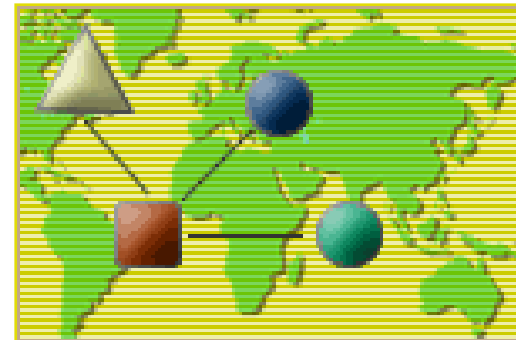
Energy

Driving strategic industries for the state and metro Atlanta

Nanomedicine



Logistics



High-performance computing

Economic impact: Technology transfer

Georgia Tech's Office of Technology Licensing

Georgia Tech's Office of Technology Licensing has also delivered a significant impact to the State of Georgia through the development of start-up companies, patents, licenses, etc.

Highlights Include:

Tech Transfer Measure	2001	2002	2003	2004
Start up companies formed	8	7	10	15
Inventions, software and copyright disclosures	141	188	226	277
U.S. patents issued	35	40	41	35
Software licenses executed	16	39	37	22
Invention licenses executed	13	25	28	35
Office of Technology Licensing total licensing income (in \$000,000s)	4.6	2.24	2.4	2.32

“Virtually every combination of industry relationship or economic development activity can be found at Georgia Tech, and in a very real sense the school is an operating partner with Georgia state government.... **Perhaps more than any other research university in North America, economic development is an integral, critical component of the mission of the Georgia Institute of Technology,** and this has been true from its very inception.”

Innovation U: New University Roles in a Knowledge Economy
Southern Growth Policies Board

Key Issues

Context for recommendations

Georgia Tech has...

- Worked to re-invent itself to achieve its stated mission of defining the technological university of the 21st century.
- Re-engineered its business processes, overhauled its approach to economic development to strengthen its ability to commercialize R&D.
- Recruited outstanding faculty and staff, who have significantly increased its capabilities for economic development and research activities.
- Significantly improved educational outcomes (e.g., graduation and retention rates, job placement).
- Financed and built more than \$700 million in facilities without state support.
- Expanded its reach around the globe with sites in France, Singapore, and Shanghai, and through its Global Learning Center.

Key issues

The competitive need

- Agility to anticipate and respond to changes
- Flexibility to generate and use financial resources well

Structural issues

- Investment: What strategic investments in special initiatives will enable Georgia to compete with other states?
- Decision making and operations: Given the new competitive landscape, what changes are needed?
- Finances: State funding has declined as a percentage of our budget; funding for economic development activities has been cut. How can we gain institutional flexibility to generate and use our own financial resources?
- Responsibility: How can we assure continued accountability to the state if we are given more operational flexibility?

Recommendations

Recommendations

Goal: Increased investment

Encourage and expand the state's investments in strategically designated areas that will allow the state and Georgia Tech to compete for their share of high-end growth sectors such as biotechnology, nanotechnology, logistics, energy, high-performance computing, and health sciences.

Recommendations (continued)

Goal: Increased operational flexibility in...

- **Personnel and benefit policies**
- **Procurement policies, and procedures**
- **Managing construction, facilities, leases**
- **A governance structure more closely aligned with the Institute's peers**

Example: Personnel policies

- Georgia Tech recruits and fields faculty and staff in a national and international arena.
- Basic USG personnel package is not competitive with Georgia Tech's peers:

USG's health insurance options focus on in-state HMOs and PPOs; do not meet the needs of Georgia Tech faculty and staff who work outside the state or the country.

The USG-controlled, employee-paid basic life insurance coverage is inadequate for the salary level of most Georgia Tech faculty.

Portable retirement plans not available to all employees, hampering recruitment academic support personnel from both industry and academia.

Example: Construction process

- Over the past decade, Georgia Tech funded about 80% of its own construction.
- Approval and construction processes for state-funded projects are slow and cumbersome, resulting in significant delays.

A one-year delay in a \$40 million research building at Georgia Tech adds an average of \$1.6 million to its construction cost and can result in as much as \$30 million in lost research activity.

- Georgia Tech construction projects built outside the USG process show time and money can be saved.

Technology Square

Molecular Science and Engineering Building.

Example: Lease approvals

- The USG approval process averages almost six months and can take more than a year.
- Some property owners refuse to lease to USG institutions because the process is so onerous.
- Department of Defense research requires Georgia Tech to lease space at military bases in other states through a comprehensive federal lease approval process. USG then delays these federally approved leases by insisting they be approved a second time through the state process, even though the outcome is never changed.

Recommendations (continued)

Goal: Enhanced ability to manage revenues

- **Flexibility to generate, manage, and use financial resources to maximum effect.**
- **Flexibility to set tuition to reflect unique mission.**

Tuition

- All Georgia Tech students take lab courses as freshmen and sophomores; most continue a heavy load of lab courses throughout their academic careers. The additional cost of lab space and equipment is not appropriately reflected in the distribution of state funds or tuition rates set by the Board of Regents.
- Georgia's in-state tuition rate puts Georgia Tech close to the bottom of its public peer set.
- Tuition increases vary from year to year with no set pattern.

Tuition and fees for the current academic year

Penn State University	\$11,508
University of Michigan	\$ 9,213
University of Illinois	\$ 8,688
University of Minnesota	\$ 8,622
Georgia Tech	\$ 4,648

Recommendations (continued)

Goal: Responsibility

Work with the state and the University System of Georgia to create a “scorecard” that requires specific levels of managerial responsibility and accountability for the activities that are delegated to the Institute.

“It is essential that we stay as open and flexible as possible. America’s cultural willingness to tear things down and rebuild them anew gives us an enormous advantage in the age of flatness, when you are required to tear down and build up more often to achieve innovation and growth.”

Thomas L. Friedman

The World is Flat: A Brief History of the Twenty-First Century

2006 updated and expanded edition

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